

Supplemental Business Case Information For BYs 2003 & 2004 IT Useful Segments

This document collects supplemental business case information for IT useful segments. The Department Investment Review Board will use this information to determine which IT enhancements to undertake, in accordance with the Clinger-Cohen Act, and for monitoring initiative progress.

Please answer each question. Responses should be concise, and prepared at a level of detail commensurate with the initiative lifecycle phase, size/criticality, and type. Initiatives that have not been implemented or deployed will require more detailed information than an initiative in maintenance. We will use the information collected to create a baseline for the initiative.

Please type your responses in the white answer blocks of the Business Case Responses document and return the electronic copy of that document to Treva Lutes by June 7th. Please do not modify the shaded rows of the table. These rows contain special codes that we will use to populate a database automatically.

1. Useful Segment Name *Provide the name of the useful segment and its respective initiative.*

Useful Segment Name: Release II
Initiative Name: NSLDS II

2. Useful Segment Description

Briefly describe the useful segment in a concise, non-technical, management-oriented manner (two paragraphs maximum please).

Common Record Extension

Capabilities will include extending the common record to include servicing information:

- Use members of PESC as a forum to drive this effort, including XML standard, record format and edit rules
- Sequence adoption by lenders, servicers, GAs and schools

Enrollment Outsourcing/Reengineering

Since the passage of the Higher Education Act of 1965, schools have been required to confirm and report the enrollment status of attending students who receive Title IV Aid. This reporting process is called the Student Status Confirmation Report (SSCR). A student's enrollment status determines his or her deferment privileges and grace periods, as well as the government's payment of interest subsidies. It is also a primary driver of loan status; one example is that six months after a borrower's status changes from "in-school full time" to "graduated" their loans will change status from "in-school/in-grace" to "in repayment". Accurate loan status has many financial and eligibility implications including proper calculation of Cohort Default Rate. The SSCR is critical for effective administration of Title IV loans. It is the primary means of verifying students' loan privileges and the federal government's monetary obligations.

In the past, GAs assumed responsibility for SSCR on behalf of the lenders that they served. Schools received a roster from each agency responsible for borrowers who were enrolled at their institution and verified enrollment for each. As the loan programs grew and technology advanced, this process became increasingly inefficient. In 1994, ED began using NSLDS to track and monitor student loan borrowers and grant overpayments and has since incorporated SSCR into the NSLDS to centralize and automate the enrollment verification system.

Currently, NSLDS generates an SSCR Roster File and places it in schools' Student Aid Internet Gateway (SAIG) mailboxes on the first business day of the month. This is determined by the SSCR schedule that schools have set-up through online NSLDS screens. Each institution is required to provide its enrollment update responses to the SSCR Roster File within 30 days of the roster's arrival in the institution's mailbox.

Along with program growth and technical advances, servicers have also emerged as options for schools to employ for the performance of their enrollment reporting functions. One such enrollment servicer is the National Student Clearinghouse. The Clearinghouse is the largest enrollment servicer, representing about 2600 of the over 7000 institutions with nearly 80% of Title IV Aid recipients' enrollment information. As a participant of the Clearinghouse each member school sends a copy of their entire enrollment to the Clearinghouse 10-12 times per year (average). Members then indicate via the NSLDS SSCR Web Interface that, rather than mailing SSCR information to the school directly, NSLDS should send SSCR information to the Clearinghouse for processing. Then, using the SSCR process description above, the Clearinghouse acts and is treated as a school.

After sketching out the data flow processes, the redundancy in the existing SSCR process takes shape. It appears that efficiency gains could be realized if FSA outsourced the remaining 20% of enrollment processing to the Clearinghouse. Then, rather than retaining a redundant copy of this data, FSA would contract with the Clearinghouse to be the official FSA source for enrollment data. The Clearinghouse would be placed on the EAI bus to take advantage of the FSA Modernization Plan architecture. By placing the Clearinghouse on the EAI bus, daily changes made by schools within the Clearinghouse database would be available for decision and inquiry functions performed across FSA systems, like CPS. Another potential functional improvement the Clearinghouse could provide is direct enrollment change feeds to lenders/servicers in addition to GAs.

This process change would enable FSA to take advantage of a repository dedicated to enrollment data and to track information and history not retained in today's FSA systems. For example, as part of the services provided, FSA could have the Clearinghouse maintain enrollment history, including a history of enrollment status changes and their associated effective dates. In addition to history, more focus should be also placed on accurately reflecting the true enrollment status of borrowers who have graduated rather than withdrawn from an institution (today, since this distinction has no financial or eligibility implications, the Clearinghouse does not actively make schools distinguish between the two status). These types of enhancements would improve the usability of the FSA data by adding new dimensions FSA data repositories.

3. Solution Impact

(1) What will be the impact of the useful segment on lines of business and business processes? (2) What is the impact of the useful segment on other IT initiatives? (3) Identify the direct beneficiaries, customers, users, and any additional stakeholders of the useful segment. (4) Describe how the direct beneficiaries, customers, users, and additional stakeholders are involved with the planning, development, and operation of the useful segment. (5) What are the major organization restructuring, training, and change management projects that will be required?

1) The Solution impact of the NSLDS system is that it is the sole repository for Title IV recipients and their loans, Pell grants, Lenders, Guaranty Agencies, Servicers and Schools, making the system the focal point to house the functions listed in 2.1.

2) The NSLDS reengineering initiative is dependent on legacy and modernized interfaces including CSFB (Common Servicing for borrowers), DLSS (Direct Loan Servicing System), COD (Common Origination and Disbursement) and Consistent Answers systems (demographic data) which is scheduled to go –live approximately at the same time with NSLDS.

3) The stakeholders for this Initiative will be:

- FSA and other federal agencies (OMB, GAO) – will be able to use accurate data for budget forecasting, policy analysis, at a lower operating cost. Additionally, will be able to maintain the centralized repository at a lower operating cost.
- Financial partners (GAs, lenders, and servicers)
- Schools and students – they will receive more accurate information on student aid tracking, eligibility.

4) Applicable stakeholders to the future phases of work have been involved in planning and discussing the initiative.

5) N/A

4. Mandatory Requirement

Is this useful segment, or the business process it supports, required by legislation, regulation (CFR citation), or other guidance (e.g., OMB Circular, Presidential Management Memorandum)? If so, please cite the specific section number, name, and language of the requiring provision. Additionally, if the business process is required, then please indicate the extent to which the useful segment supports the business process and compliance with the requiring provision.

The Higher Education Amendments of 1998, Sec. 483 B [20 U.S.C 1092b], established FSA as a Performance Based Organization (PBO) within the Federal Government charged with modernizing the delivery of student financial aid. The underlying goal was to improve services to millions of students and the postsecondary institutions they attend. As one of the main objectives of this designation, Congress mandated that FSA implement a common, open, integrated system for student financial aid delivery. The NSLDS II reengineering phase is being implemented to support this mandate.

The Higher Education Act of 1965 congressionally mandated the need for a national student data repository. NSLDS currently performs this function in conjunction with the existing data marts.

5. Consequence of Not Funding the Useful Segment

Describe the adverse impacts on business operations or future costs if the useful segment is not funded.

The business case is improved when an operation or business process is highly dependent on the useful segment or delaying the useful segment will result in significantly higher costs in the future.

In the case that this Initiative is not funded, FSA will face the following consequences:

1. Gaps in data integrity and financial integrity
2. Low reusability of NSLDS data due to current legacy platforms
3. Relatively high operating costs related to NSLDS
4. Inefficient customer service due to lack of modernized analytical tools

6. Benefits

Please describe the benefits associated with the useful segment, including how the investment reduces costs or improves efficiencies.

Benefits are the advantages or gains the useful segment produces for customers, the public, or the Department. Benefits can include increased efficiencies, improved customer satisfaction, reduction in costs, increase in revenue, or improved public access to ED information.

Benefits to implementing the NSLDS Reengineering initiative will include:

- Reduced FSA operating costs associated with NSLDS.
- Improved financial integrity.
- Improved quality and usability of NSLDS information, benefiting the Department and other NSLDS users in the financial aid community.
- Balanced FSA data needs with burdens placed on the financial aid community.
- Improved usability of NSLDS data repository through new tools.
- Efficient use of data resources available within FSA and from the financial aid community.

7. Crosscutting Initiative

Indicate which Principal Offices the useful segment supports. If the useful segment supports the entire Department, then simply select that item. If the useful segment supports entities outside of the Department, then in addition to selecting "Entities outside of the Department," please identify the agencies and organizations affected by this useful segment.

- ☐ Entire Department
- ☐ Office for Civil Rights
- ☐ Office of Educational Research and Improvement
- ☐ Office of Elementary and Secondary Education
- ☐ Office of English Language Acquisition
- ☐ Office of Postsecondary Education
- ☐ Office of Special Educational and Rehabilitation Services
- ☒ Federal Student Aid
- ☐ Office of Vocational and Adult Education
- ☐ Office of the Chief Financial Officer
- ☐ Office of the Chief Information Officer
- ☐ Office of the General Counsel
- ☐ Office of Inspector General
- ☐ Office of Intergovernmental and Interagency Affairs
- ☐ Office of Legislation and Congressional Affairs
- ☐ Office of Management
- ☐ Office of Public Affairs
- ☐ Entities outside of the Department

8. Audit Finding

Does the useful segment close an audit recommendation? If so, please describe the recommendation and note the audit name or number.

No